



Paul

1980 Annual Report

Precambrian Shield Resources Limited

Directors



Walter E. Clarke
Victoria, British Columbia
Consulting Mining Engineer



Earl E. Curry
Calgary, Alberta
Chairman and Chief Executive
Officer, Precambrian Shield
Resources Limited



R. Ian Kerr
Agincourt, Ontario
Vice-President, W.E.P.
Investments Limited



Howard R. Lowe
Coupeville, Washington
Petroleum Engineer and Geologist



Stewart D. McGregor
Edmonton, Alberta
Vice-President, Corporate
Affairs, Numac Oil & Gas Ltd.



Theodore H. Renner
Calgary, Alberta
President, Precambrian
Shield Resources Limited

Highlights

	1980	1979
Financial		
Gross Revenue	\$ 1,159,000	\$ 440,000
Funds generated from operations	\$ 683,000	\$ 254,000
Net Earnings (Loss)	\$ 332,000	\$ (86,000)
Fixed Assets	\$11,173,000	\$ 6,280,000
Reserves (proven and probable)		
Gas (MMcf)	56,300	26,700
Oil and natural gas liquids (Bbls.)	996,000	355,000
Drilling Activity (1)		
Gas	25	28
Oil	3	—
Drilling or suspended	2	—
Dry and abandoned	10	16
	<u>40</u>	<u>44</u>
Gas wells drilled subject to existing gas purchase contracts	<u>24</u>	<u>26</u>
Undeveloped Land Holdings (acres)		
Gross	2,623,700	182,500
Net	92,000	36,900

(1) Drilling activity excludes net profit interest with Union Gas Limited.

To the Shareholders

On behalf of the Board of Directors, we are pleased to report to you on the conclusion of both an eventful and successful year for your Company. We have made significant increases in the value of assets owned by the Company, the development of a sound cash flow base for the Company, and the continued development of a senior management group concerned with the expansion of our exploration activities in both Canada and the United States.

Precambrian's gross revenues increased to \$1,159,000 in the fiscal year, which was a 163% increase over the results achieved a year ago. Cash flow generated from operations this year was \$683,000, a 169% increase over cash flow realized in the 1979 fiscal year. The Company's financial position, characterized by a working capital of \$14.2 million at the end of February, 1981, provides a sound base for further growth in 1981.

Your Company has concluded another active Canadian exploration year having participated in the drilling of 40 wells and completed 25 as gas wells and 3 as potential oil wells. Twenty-four of the 25 gas wells completed were subject to existing gas purchase contracts. Precambrian's proven and probable natural gas reserves increased by 110% over levels achieved a year earlier. Proven and probable crude oil and natural gas liquids reserves increased by 180%. The Canadian gross exploratory land position increased substantially from a year earlier. An active land acquisitions program has started in the United States.

Precambrian estimates that approximately 60% of the Company's 1980 year end gas reserves are dedicated to existing "take or pay" gas purchase contracts, and hence will continue to enjoy the capacity for increasing production revenues.

During the year, Precambrian entered into a management agreement with Union Gas Limited, Canada's second largest gas utility based in Chatham, Ontario. This agreement allows Precambrian to recover the costs incurred in this management process and your Company has been assigned a 10% net profits interest in Union's western Canadian resource properties as an incentive for the development of cash flow from these properties. Properties held by Union which are managed by Precambrian, include approximately 2.3 million gross acres of exploratory land, over 5 million barrels of proven and probable crude oil and natural gas liquids reserves, 206 Bcf of proven and probable natural gas reserves and 43,000 gross acres of prospective thermal coal holdings in the Lethbridge area of Alberta. Union Gas also entered into a three year joint venture exploration agreement with Precambrian providing for a minimum three year expenditure of \$11 million by Union Gas on Precambrian's Canadian exploration program.

The Company's Canadian exploration budget will be expanded in 1981 to a minimum \$11 million expenditure shared by Precambrian, Union Gas Limited and the H.I.I. Energy 80 Partnership. Precambrian may secure an additional \$4 to \$5 million of joint venture capital by July, 1981, to augment the exploration funds already committed. The Company's share of development expenditures and other exploration expenditures not involving joint venture partners are expected to range between \$3 and \$5 million. The total exploration and development budget could reach \$21 million and Precambrian's share of these Canadian expenditures will vary between \$7 and \$9 million.

In the United States, Precambrian has established an exploration capability with the incorporation of Shield Resources Inc. based in Houston. The Company is conducting exploration in the United States in partnership with Numac Oil & Gas Ltd. and both the Company and Numac will each be contributing \$4 million (U.S.) to this program in 1981. An additional \$4 million (U.S.) has been secured from other joint venture partners and hence will result in an overall \$12 million (U.S.) 1981 exploration budget.

During the 1981 fiscal year, the Company expects to participate in the drilling of approximately 60 wells in Canada and at least 25 wells in the United States. In addition, through the 10% net profits interest received from Union Gas Limited, Precambrian expects to be exposed to the drilling of at least 100 wells in Union's exploration and development program. The Company's exploratory land position, particularly in the United States, should increase significantly. It is our objective to achieve an increase in proven and probable reserves comparable to the increases achieved this fiscal year.

The National Energy Policy tabled by the Canadian Federal Government on October 28, 1980, has introduced major uncertainties for continued investment in the Canadian oil and gas industry. This policy has resulted in an erosion of cash flows from oil and gas production. The lack of markets for natural gas continue to hamper the industry, but this condition may be improving with the recently announced intentions by Trans-Canada Pipelines to begin contracting for new gas supplies.

The National Energy Policy has had the effect of reducing the acquisition costs of land thereby reducing the competitive pressures experienced by the Company in building its inventory of exploratory land. The rebates of exploration and development expenditures contemplated by the Federal Government are highest for companies meeting the Government's Canadian ownership guidelines. Precambrian believes that it has a sufficiently high level of Canadian ownership of its common shares to permit it to take full advantage of these exploration and development grants.

The advantages that the Energy Policy confers on Canadian oil and gas companies, together with Precambrian's exposure to existing gas purchase contracts will allow the Company to cautiously expand its Canadian operations. However, a continued lack of resolution of revenue sharing by Canadian governments and a continued uncertain gas marketing environment will require serious re-examination of Precambrian's investment posture in Canada in 1982 which may result in a diversion of a larger proportion of investment capital to the United States.

In 1981, Precambrian intends to embark on a program of assessing and exploring gold properties in the United States. The Company's substantial experience in minerals exploration, together with the attractive economics of gold mining in the United States, justify a serious commitment by the Company.

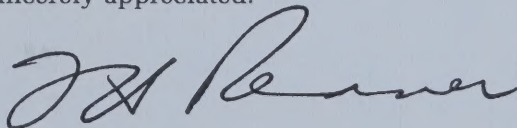
During the past fiscal year, Precambrian raised \$5 million through the private placement of 1,190,500 treasury shares. Precambrian acts as the investor's agent in the expenditure of these funds and the investor is entitled to the tax writeoffs which occur as a result of these expenditures while Precambrian retains title to the properties. Subsequently, Precambrian raised an additional \$1.5 million through a non tax related private placement sale of 250,000 shares. In January, 1981, Precambrian secured \$15 million in long-term financing through the private placement of 9% Convertible Subordinated Debentures with attached Warrants. The foregoing leaves the Company in an excellent financial position to pursue investment opportunities in both Canada and the United States.

During the year, the Company has added senior level personnel in Finance and Engineering in Canada. Mr. Paul King, Vice-President, Finance, brings to the Company, extensive senior level financial experience and Mr. Peter Boulanger, Manager of Engineering and Operations, significantly strengthens our operating management capability.

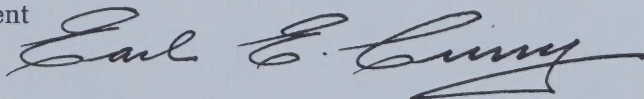
In the United States, Mr. Daniel Chiang was appointed a Vice-President of Shield Resources Inc. with responsibility for the development of our oil and gas activities in the United States. Mr. William Kearney has joined Shield as our Exploration Manager and Mr. Alton Holmes has been appointed the Land Manager. These gentlemen possess extensive senior level experience in the industry and the Company is confident that they will make a major contribution to the success of our program.

The achievements of this past year would not have been possible without the enthusiastic contributions made by the Company's employees. The growth contemplated for the Company in 1981 and our optimistic outlook for the future is made possible by the dedicated efforts of these individuals. The continued confidence and support for our goals by the Company's Shareholders is sincerely appreciated.

Respectfully Submitted on Behalf of the Board:

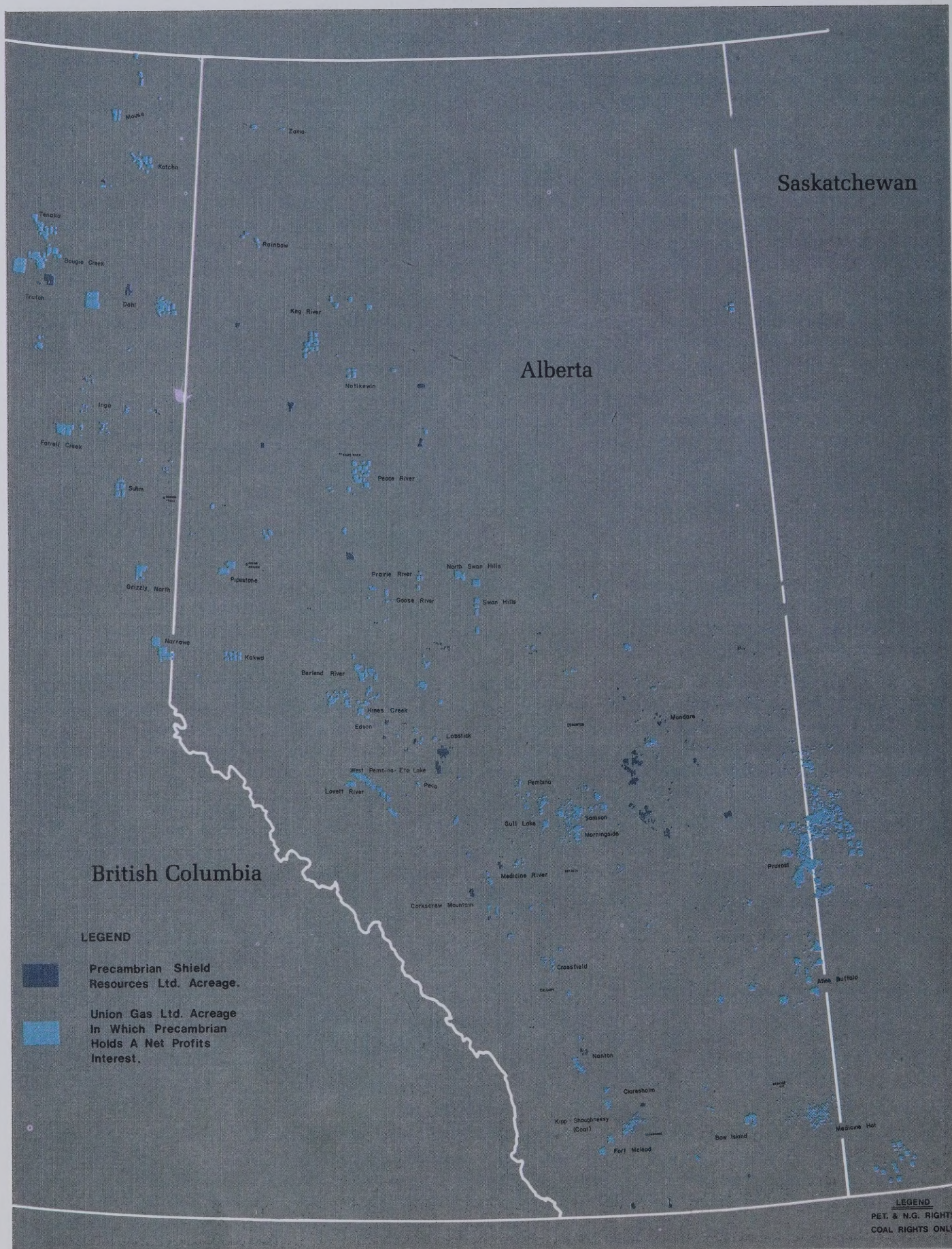


T. H. Renner
President



Earl E. Curry
Chairman of the Board

March 27, 1981
Calgary, Alberta



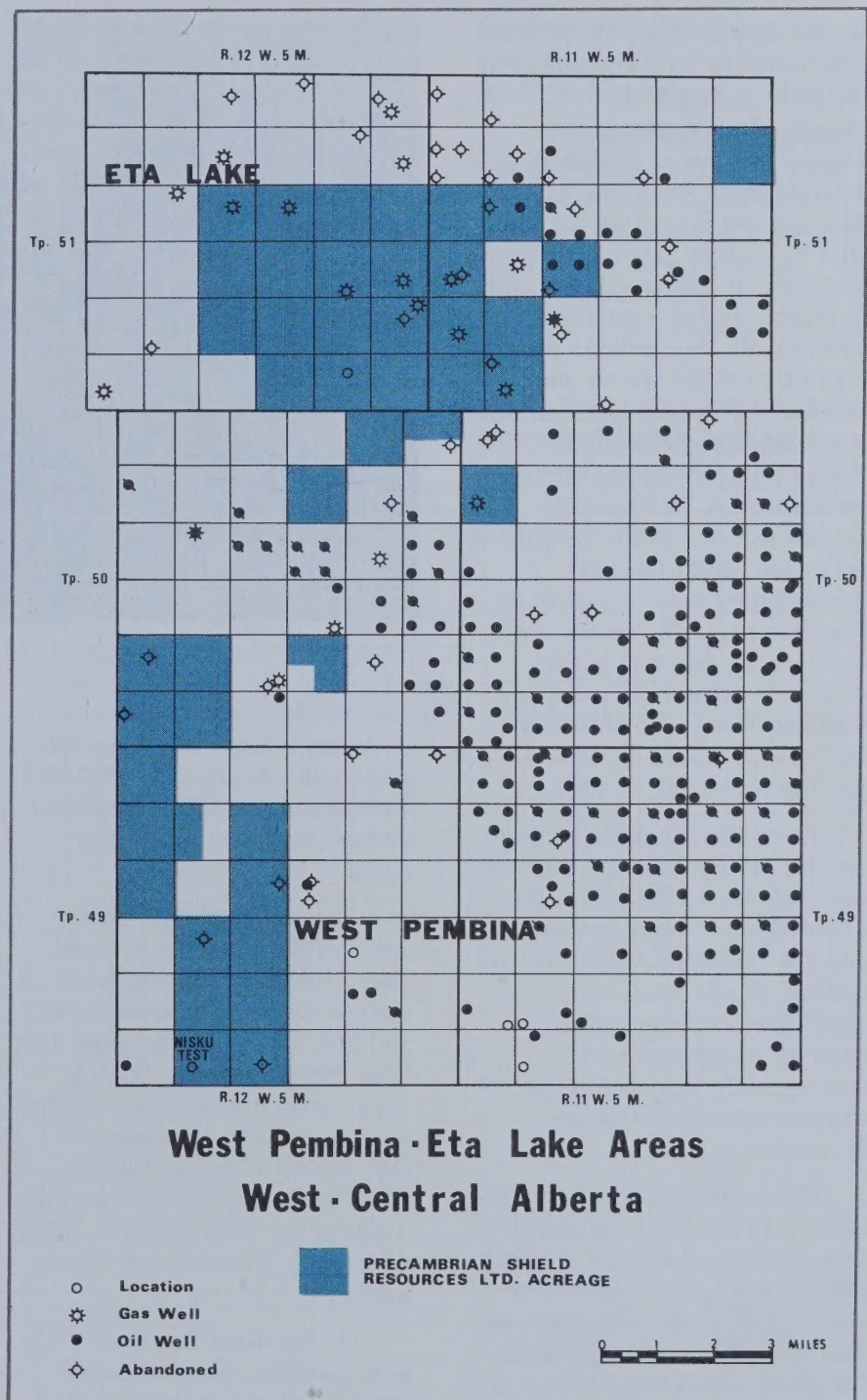
Oil and Gas-Canada

Exploration Program

During the year, Precambrian concluded two Joint Venture Agreements for exploration in Canada. The first is with Union Gas Limited (discussed elsewhere in this report) and the second with the H.I.I. Energy 80 Partnership. These agreements are both effective for a three year period from March 31, 1980, and funds arising from these agreements have been used to augment Precambrian's own exploration capital. The investment terms of these agreements reflect current industry practise regarding the expenditures on behalf of an investor partner.

The continuing nature of the afore-mentioned Joint Venture Agreements allows Precambrian to engage in the vital forward planning required for a successful long term exploration program. In 1981, Precambrian has established a firm joint venture exploration budget of \$11 million, and is holding discussions which could increase this firm budget by a further \$3 to \$5 million in July, 1981.

Precambrian's exploration program will continue to be guided by our stated policies of avoiding financial over-commitment to any one prospect and a concentration of exploration effort in areas where gas contracts are held or in oil prone areas. Consequently, the Company is engaged in the exploration and development of a large number of prospects. A small number of the more noteworthy prospects are discussed in more detail below. The working interests shown for various properties are net to Precambrian after providing for the interest earned by the Company's joint venture partners.



Eta Lake — West Pembina Areas, Alberta (Twp. 51 — Rge. 12 W5M)

Precambrian holds an existing gas sales contract with TransCanada Pipelines covering 13,700 acres in the Eta Lake acreage block. This contract provides for a rate of sales equal to 1 MMcf per day for each 7.3

Bcf of recoverable gas reserves which TransCanada recognizes. Reserves, which form the basis for determining allowable production, are redetermined every two years, and will be redetermined this year effective November 1, 1981.

During fiscal 1980, the Company drilled a successful

farmin well at 10-22-51- 12 W5M. This well has been connected to the plant and appears to be capable of approximately 1 MMcf per day of sustained deliverability. Precambrian has a 70% interest before payout (40% after payout) in production from this well. In February, 1981, the Company drilled a second farmin well, Precambrian et al 2-14-51-12 W5M which was cased as a potential gas well and is now awaiting completion. Precambrian's working interest in this well is 73.3% before payout and 46.7% after payout of well costs. Later in 1981, Precambrian expects to drill at least one more delineation well on these gas contract lands, which if successfully completed may give rise to an additional well which would be drilled prior to November 1, 1981.

Currently the daily contract rate for the Eta Lake gas contract has been set at a 5 MMcf per day. The drilling already completed and the contemplated additional drilling should result in a significant increase in the reserves recognized and consequently increase the daily contract rate allowable on November 1, 1981.

Precambrian holds an 18.7% interest in the Eta Lake gas plant whose rated capacity of 5 MMcf per day has been increased to approximately 6.5 MMcf per day due to design modifications to the plant which were carried out late in the 1980 fiscal year. An increase in the reserves recognized for this contract could result in a further expansion of the plant in late 1981.

Precambrian holds deep Nisku P&NG rights covering a large part of the Eta Lake acreage block. Because the lands are in close proximity to Nisku



Tie-in well 10-22-51-12 to Eta Lake Gas Plant

discoveries offsetting the Company's lands to the northeast and southwest, Precambrian will continue to maintain its current interest in these deep Nisku rights.

Approximately six miles south of the Eta Lake acreage block, Precambrian maintains various interests between 11% and 15% in the 10,400 gross acre West Pembina block. During fiscal 1980, the Company drilled an unsuccessful Nordeg test (10-7-50-12 W5M) on farmin lands located immediately to the north of the West Pembina block which was purchased at a land sale.

On the West Pembina acreage block, the Company concluded a farmout agreement with a major Canadian oil company who is committed to drill a Nisku test at no further cost to Precambrian. The well, located in section 5-49-12 W5M is currently drilling and is expected to reach total depth by the end of the second quarter of 1981. Substantially all the surrounding acreage is now held by others and hence no further

land acquisitions are contemplated by Precambrian. A successful drilling program for both the Eta Lake and West Pembina acreage blocks in 1981 could significantly increase the Company's reserves.

East Central Alberta

Precambrian is continuing its participation in a joint venture exploration program covering a large area of East Central Alberta. This Joint Venture Agreement Area covering over 190 townships is dedicated to an existing "take or pay" gas purchase contract. Any lands acquired by the joint venture partners in this Joint Venture Agreement Area will be dedicated to this gas purchase contract. Any successful wells drilled in the area will have their reserves recognized for sales purposes each November 1 and can then be put on stream as soon as facilities permit; or if these wells remain shut-in, these reserves will attract a "take or pay" payment.

During the current fiscal year, Precambrian participated in

the drilling of 26 wells of which 20 were successfully completed for gas production. Wells were drilled at Hillard, Holmberg, Plain, Kelsey, Birch, Inland, Royal, Forestburg, Joarcam and the Beaverhill Lake areas of East Central Alberta.

Precambrian is participating in the construction of a 10 MMcf per day gas plant (in which it has an 8.3% interest) at West Holden to process gas discoveries made in the Joarcam

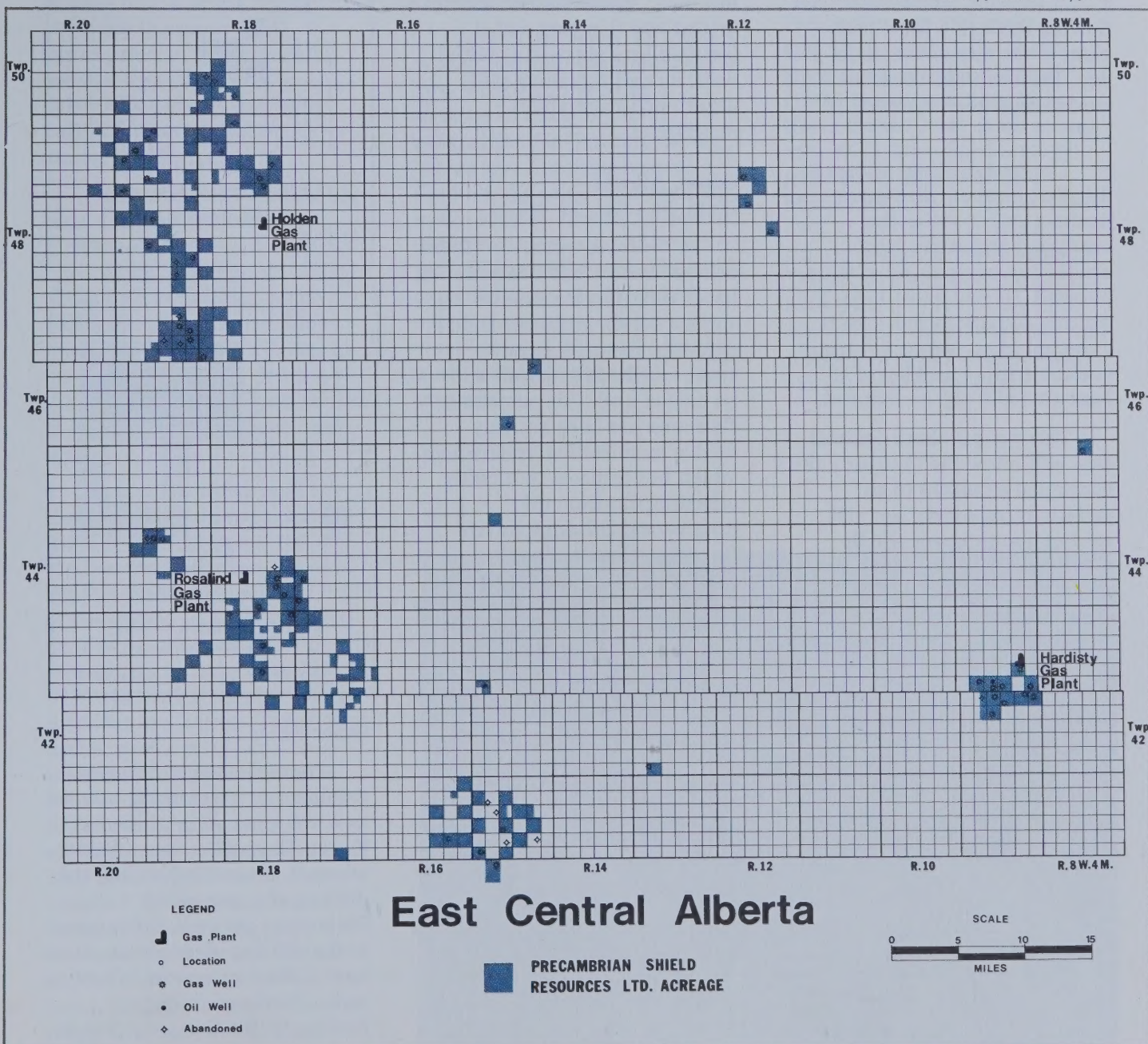
and Beaverhill Lake areas. The construction of this plant has experienced some delays, but is expected to be put on stream by May, 1981. Precambrian's interest in the producing wells ranges from 6% to 15%.

At Hardisty, Precambrian has working interests ranging from 6% to 12% in 10 producing or shut-in gas wells and one oil well, as well as an 11.6% interest in a gas plant capable of processing 4 to 5 MMcf per day.

Construction of this gas plant was completed in February and the field currently is on stream.

At Royal, Precambrian has working interests ranging from 12% to 25% in 3 wells, and holds a 9.4% working interest in a gas plant currently under construction. These wells are expected to be producing by May of 1981.

In the general Holmberg area, Precambrian has varying interests between 6% and 25% in

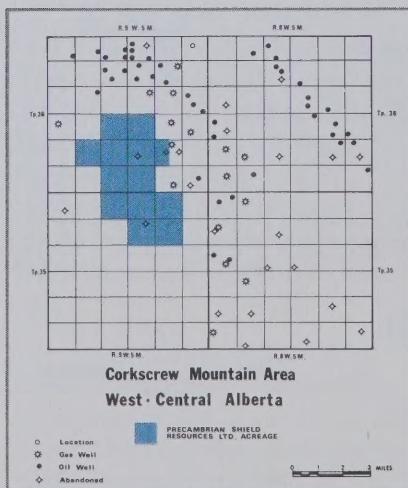


10 wells. An interim agreement with the owners of an existing under-utilized gas plant has resulted in earlier than expected first production for some of the Company's wells in this area. The total number of wells drilled by the Company and its partners may justify the construction of a separate gas processing plant. Initial feasibility studies regarding this plant are currently underway.

At Kinsella, Precambrian has a 20% working interest in a well flowing through a third party plant at the rate of 1.4 MMcf per day. This well has been on stream since the beginning of 1981.

The past drilling success in this East Central Alberta gas contract area justifies the continued aggressive land acquisition program now being pursued. During fiscal 1981, the drilling activity in this area is expected to accelerate so that a current drilling backlog of at least 40 wells can be reduced.

This gas purchase contract area will allow the Company the continued exposure to an ambitious, relatively low risk exploration program which would result in early cash flow accruing from these annual reserves additions.



Corkscrew Mountain, Alberta (Twp. 36 - Rge. 9 W5M)

During the current year, Precambrian acquired an approximate 20% working interest in an 8,000 acre license. This property has significant gas reserves potential in the Lower Cretaceous (Glauconite, Ostracod, Basal Quartz) and the Jurassic Sands (Rock Creek). Secondary potential exists in the Viking and Cardium Sands which may be oil prospective in this area. An initial test may be drilled late this year and if justified by a successful initial well, followup drilling will occur once gas markets materialize.

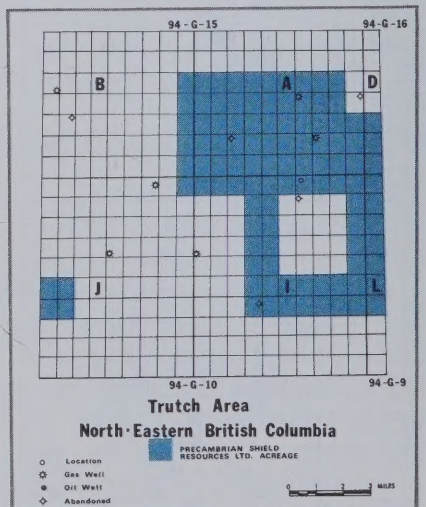
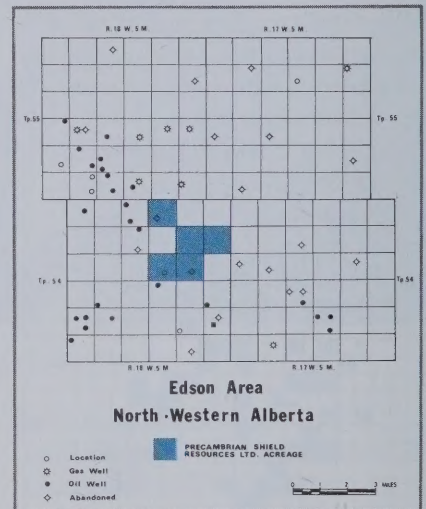
Edson, Alberta (Twp. 54 - Rge. 18 W5M)

A well was scheduled to be drilled on this land block during fiscal 1980, but because of surface access problems and delays in securing partner approval, the initial well will not be drilled until this summer. This area has been actively drilled by offsetting landowners which has resulted in directly offsetting Cardium oil discoveries. Oil productivity from the oilwells directly northwest of the Company's lands range from 100 Bbbls to 150 Bbbls per day. Precambrian's working interest in this 3,200 acre block averages 16%. A successful initial well would lead to an active development drilling program in the 1981 winter drilling season.

Trutch, Northeastern British Columbia (94-G-10)

Precambrian has added to its land position in this area over the past year and now holds an average 16% working interest in 17,600 gross acres of land. Since

acquisition of the Company's initial interest, Precambrian has participated in the drilling of 4 wells, of which two wells were cased as potential gas wells, one well was dry and abandoned and one was suspended but may be deepened later.



Other Areas

Precambrian continues to maintain a 10% working interest in 4,800 gross acres of land at Ferrier (Twp. 39 - Rge. 6 W5M) where it has participated in the drilling of a successful Glauconite gas well. Subsequent to the drilling of this well, others have drilled successful offsetting wells. Further delineation drilling by the Company and its

partners is not contemplated until such time as markets exist for this gas.

At Amigo, (Twp. 119 - Rge. 6 W6M) the Company unsuccessfully drilled 2 Keg River oil tests during the 1980/1981 winter drilling season. The third well drilled at Amigo has tested significant gas flows and is currently being cased as a gaswell. Results here have been disappointing and the Company does not plan any further drilling in this area. During fiscal 1980, the Company also participated in unsuccessful wells at Lonestar, Alberta — Lube, Alberta — Freda Lake, Saskatchewan — and Smith Coulee in Alberta.

Additional seismic data has been obtained covering the 11,500 acre land block at Fish Creek (Twp. 72 - Rge. 21 W5M) in which Precambrian retains a 14.8% working interest. This seismic data has contributed to the decision to defer drilling of this property pending the results of exploratory drilling in this area.

During the fiscal year, Precambrian acquired a 22% working interest in a 5,100 acre block at Whiskey Gap (Twp. 1 — Rge. 23 W4M) immediately north of the United States border and west of the producing Del Bonita oilfield. An initial exploratory well was drilled and has been cased for evaluation. Through an exchange of confidential well information, Precambrian has secured information regarding the results of 2 successful exploratory tests in this area. This data, together with data obtained in the evaluation of untested zones in the Precambrian well, will be used to formulate a response to a farmin enquiry received from a major Company active in this area.

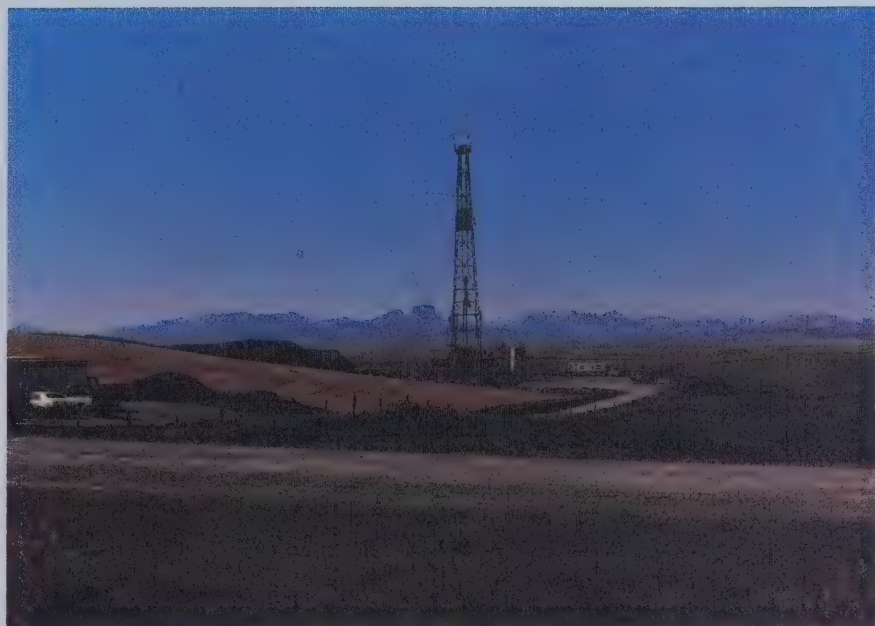
At Judy Creek, (Twp. 62 — Rge. 13 W5M), Precambrian has increased its land holdings to 5,100 acres with an average 22% working interest. Follow-up drilling to a Viking gas discovery made two years ago will await the development of gas markets.

Precambrian drilled 2 Viking gas — Mannville heavy oil wells at Bonnyville and is pursuing the possibility of marketing the Viking gas to purchasers who will be supplying gas to the Cold Lake heavy oil project.

At Ricinus (Twp. 33 - Rge. 7 W5M), Precambrian purchased a 16% working interest in 3 sections of lands highly prospective for Cardium oil and Viking gas. Three successful Cardium oil wells were drilled in the section directly to the east of the Company's lands. The first well on Precambrian lands is expected to be spudded this summer and a successful completion of this well will lead to an active development program.

At Wolf Creek, Precambrian retains an average 18% working interest in 2,880 acres and has conducted a seismic survey on these lands. This seismic data, together with more information on a rumoured Nisku discovery nearby may encourage the Company to formulate firm drilling plans this year.

During the coming year Precambrian expects to conduct either seismic or exploratory drilling operations at Milk River (4,800 gross acres, 44% W.I.), Paddle River (4,160 gross acres, 44% W.I.), Sawn Lake (6,400 gross acres, 8% W.I.), Ansell (1,920 gross acres, 23% W.I.), Hines Creek (3,840 gross acres, 15% W.I.), Manyberries (5,600 gross acres, 20% W.I.) and Marten Hills, (6,400 gross acres, 22% W.I.). All of the above named prospects are in Alberta. The above captioned prospects have been briefly discussed to demonstrate the acreage size and working interests which typify our exploration program.



Union Gas Limited

In May, 1980, Precambrian entered into a Management Agreement and Joint Venture Exploration Agreement with Union Gas Limited of Chatham, Ontario. The Management Agreement has an indefinite term whereas the Joint Venture Exploration Agreement has a three year term, ending on March 31, 1983.

The Management Agreement dated May 31, 1980, provides Union Gas Limited with the professional management capabilities of Precambrian for all of Union's Western Canadian oil, gas and coal properties. The Agreement provides for the recovery by Precambrian of its costs related to management of Union's properties. As an incentive to achieve profitable development of Union's lands, Precambrian has been granted a 10% net profits interest in the resource properties owned by Union as at the date of the Agreement and in certain of the resource properties which may subsequently be acquired by Union. The existing Union land holdings as well as lands held by Precambrian are identified in an accompanying land map.

Precambrian's Joint Venture Exploration Agreement provides for Union joining the Company in its exploration for and development of oil and natural gas in Western Canada. Under this agreement Union is committed to spend at least \$3 million by March 31, 1981 and a minimum of \$4 million in each of the years ending March 31, 1982 and March 31, 1983.

These arrangements are providing Union with a full complement of highly motivated professionals concentrating on maximizing the Union returns from its existing resource properties. The involvement in Precambrian's exploration activities are in keeping with Union's desire for an active continuing exposure to the Western Canadian oil and gas industry.

Precambrian, by virtue of the 10% net profits interest will enjoy broader exposure to exploration activities in Western Canada. Growth in Union's cash flow from its resource properties, will contribute to a growth in Precambrian's cash flow attributable to its net profits interest. The Company will also receive a similar net profits interest in approximately 43,000 gross acres of coal lands held by Union in the Lethbridge area of Alberta. These lands have been actively explored and test mined, and results to date have been encouraging enough to justify detailed production feasibility studies.

Union assets under administration by Precambrian include approximately 5 million barrels of proven and probable crude oil and natural gas liquids reserves, 206 Bcf of proven and probable natural gas reserves and 2.3 million gross acres of exploratory lands. During 1981, Union expects to maintain a capital program of between \$20 to \$25 million and could participate in the drilling of as many as 100 wells.

Oil and Gas-United States

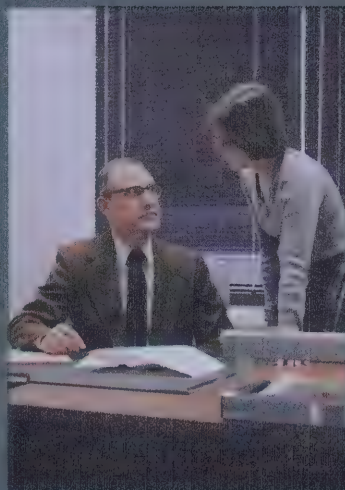
Shield Resources Inc. Personnel



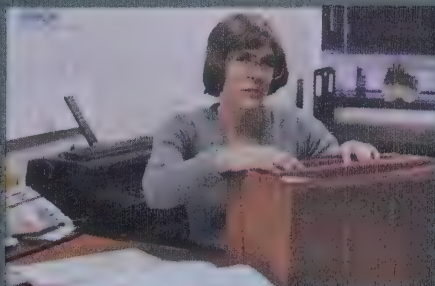
Daniel M. Chiang
Vice-President



William E. Kearney
Manager, Exploration



Alton D. Holmes
Land Manager



Paula Chaffin
Accountant



Exploration Program

During the past fiscal year, Precambrian incorporated a United States subsidiary, Shield Resources Inc. with offices in Houston, Texas. Rather than engaging in exploration in the United States as a non-operating partner, Precambrian has elected to proceed by the development of a permanent exploration and production staff in Houston. At present the Company has two senior level geologists and an experienced landman on its staff. During the remainder of this year, we will be adding a senior geophysicist, senior engineer and additional support staff.

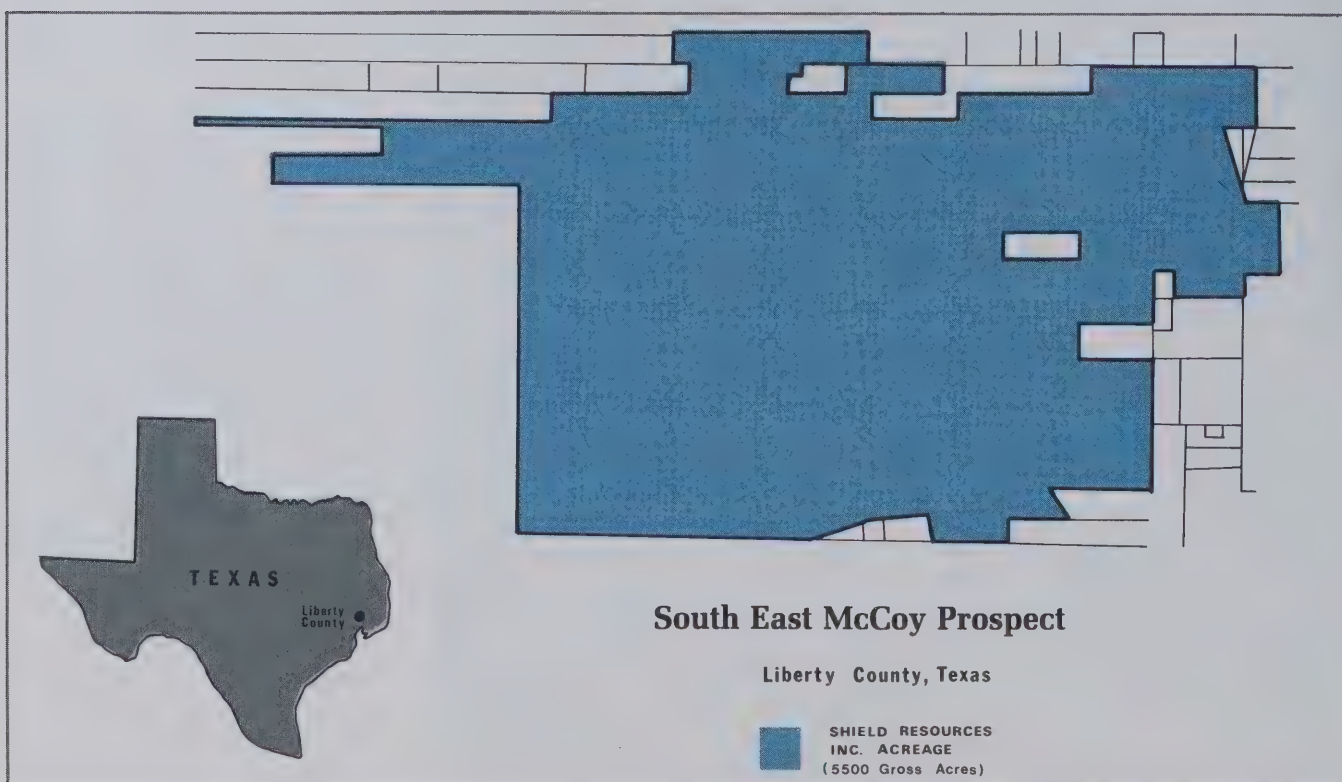
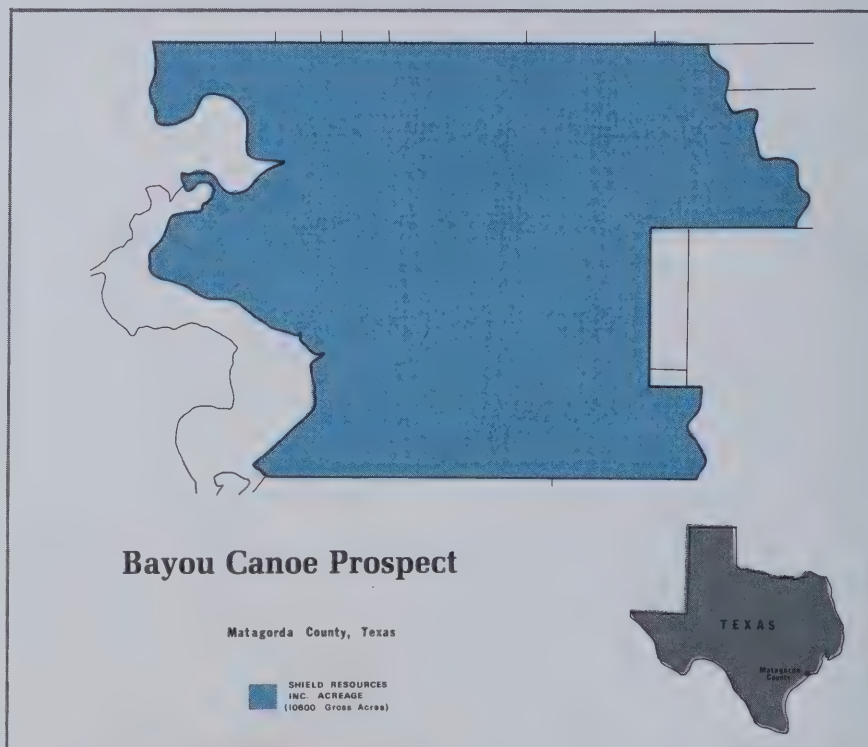
The Company has finalized joint venture exploration agreements with joint venture partners, including Numac Oil & Gas Ltd., who together with Precambrian, will fund a \$12 million exploration program in 1981. All of the joint venture agreements contemplate three year terms which will allow the Company to engage in the forward planning necessary for the success of an exploration program.

During 1981, a significant proportion of Shield's drilling and land acquisitions will be in the Texas Gulf Coast area. The Company is developing formal relationships with independent exploration personnel to obtain exposure to exploration in areas of Oklahoma, Colorado, Kansas, Louisiana and selected areas of the eastern United States. An emphasis on lower risk exploration plays will characterize our 1981 program. Shield will be earmarking approximately \$4 million of its 1981 budget to the acquisition of an exploratory land position. The Company's investment posture will be to avoid a financial over commitment to

any one exploration prospect and such capital exposure to each prospect will typically be less than \$400,000. Shield will participate in the drilling of at least 25 wells to ensure that its exploration risk is properly diversified.

Shield expects to expand its United States program by the end of the 1981 fiscal year and is entering into preliminary discussions regarding the introduction of additional exploration risk capital to the 1982 exploration program. Coincident with these discussions, the Company intends to add to its staff to round out its professional capability and add the appropriate support personnel. It is an objective of Shield Resources Inc. to develop a fully organized exploration and production Company which will be largely self-financing at the end of our five year planning horizon. Prospects in which the Company currently holds land

interests are discussed below. The working interest shown are net to Shield after providing for the interest earned by the Company's joint venture partners.



**Bayou Canoe Prospect —
Matagorda County, Texas**

Late in the 1980 fiscal year, Shield acquired a 16.4% working interest in approximately 10,600 acres on the Texas Gulf Coast. The lands are prospective in the Miocene Sand sequence occurring at approximately 7,500 feet and the deep Frio Sand sequence occurring at approximately 16,000 feet. Shield will be conducting additional seismic surveys during the coming summer which will be used to define a drilling location for a Miocene test to be spudded by the fourth quarter of 1981. The Company has received expressions of interest regarding the deep Frio rights and may elect to have a deep Frio test drilled by others at no further cost to the Company. If drilling is successful, this land block has the potential for a significant increase in the Company's reserves.

**Southeast McCoy Prospect —
Liberty County, Texas**

Shield has acquired a 4% working interest in this 5,500 acre land block. A deep 17,000 Wilcox well is planned for the third quarter of 1981 which will test sands overlying a large seismic high. A deep Wilcox discovery would result in significant additions to reserves (in spite of the relatively low working interest) and would lead to an active follow-up drilling program. A discovery here would enjoy "deep gas" prices in excess of \$6 per Mcf.

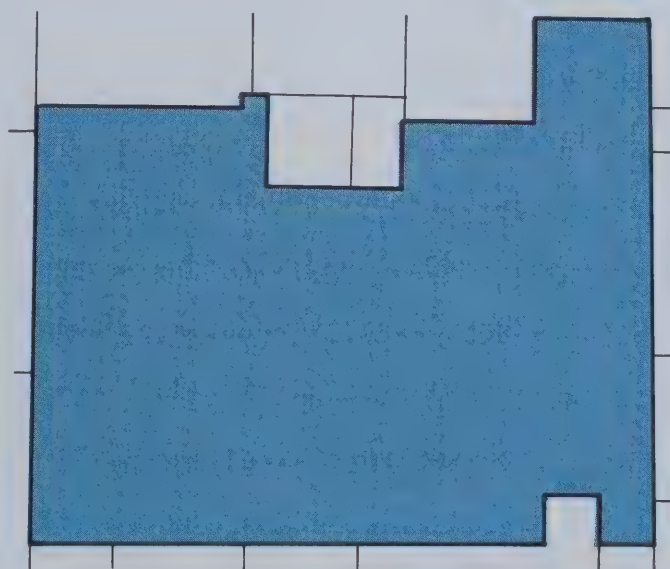
**South Kitty Burns Prospect —
Live Oak County, Texas**

Shield has acquired an approximate 5% interest in a 2,800 acre farmout block in Live Oak County. Sands which are prospective range from the Queen City formation at 7,500

feet to a series of Tom Lyne sands at approximately 13,000 feet. An initial well was spudded on the acreage in late 1980 and drilling problems related to mechanical casing failure forced the suspension of drilling of this well to projected total depth. The well has been plugged back to approximately 8,500 feet. The Queen City sand at 7,500 feet has been perforated and appears capable of flow rates of approximately 1.5 MMcf per day. A second well is currently drilling with the Queen City sand as its primary objective. In addition to the acreage block earned in the drilling of the initial well, the Company has negotiated options for a further 6,000 acres of offsetting lands.

**Riverside Prospect — Walker
County, Texas**

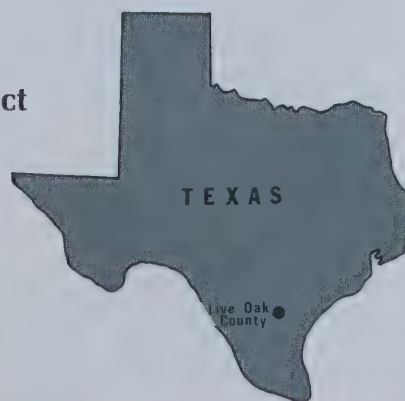
The Company retains an 18.75% working interest in a 1,100 acre block on which a well has been spudded and is currently drilling. The well is expected to reach total depth within the next month and will evaluate the Woodbine and Glenrose formations. A successful initial well could justify a follow-up well.



South Kitty Burns Prospect

(Live Oak County, Texas)

SHIELD RESOURCES
INC. ACREAGE
(2800 Gross Acres Shown.
Options On A Further 6000
Acres Are Held)



Land

Reserves

Precambrian's land acquisition program during this fiscal year has resulted in an expanded exposure to exploration in Western Canada. Land acquisitions in the United States, particularly since November 30, 1980 have proceeded satisfactorily. Precambrian's land position as at November 30, 1980 is as follows:

	Fiscal Year Ended November 30	
	1980	1979
Canada —		
gross acres	2,611,000	182,500
net acres	90,000	36,900
United States —		
gross acres	12,700	—
net acres	3,300	—

The above tabulation includes Precambrian's 10% net profits interest in approximately 2.3 million gross acres (340,000 net acres) of lands held by Union Gas Limited.

The Company has continued an active land acquisition program subsequent to November 30, 1980 and now has interests in an additional 33,000 gross acres (8,000 net acres) in Canada; and has increased its land exposure either through farmin agreements, option agreements or leases held by the Company to 62,000 gross acres (5,300 net acres) in the United States. A particular emphasis will be placed on accelerating our land acquisitions in the United States.

The results of the past year's drilling, together with the recognition of Precambrian's 10% net profits interest in the Union Gas Limited reserves, has resulted in a substantial increase in Precambrian's gross proven and probable oil and gas reserves.

Precambrian's Share of Gross Reserves (Before Royalties)

	As at December 31, 1980*		As at November 30, 1979	
	Natural Gas (MMcf)	Crude Oil & Natural Gas Liquids (Bbls)	Natural Gas (MMcf)	Crude Oil & Natural Gas Liquids (Bbls)
Proven	37,163	605,270	14,204	151,090
Probable	19,161	390,760	12,541	204,150
Total	56,324	996,030	26,745	355,240

*Including Precambrian's 10% net profits interest in the reserves held by Union Gas Limited.

The reserves shown as at November 30, 1979 were estimated by Precambrian's engineering staff.

The reserves tabulated as at December 31, 1980 are as estimated by Sproule Associates, an independent engineering company specializing in oil and gas evaluations.

The following definitions form the basis of Sproule's classification of reserves and values presented in this report.

"Proven Reserves" are defined as the quantities of crude oil, natural gas and natural gas by-products, which, upon analysis of geologic and engineering data, appear with reasonable certainty to be recoverable at commercial rates in the future from known oil and gas reservoirs under presently anticipated economic and operating conditions.

"Probable Reserves" are considered to be those reserves commercially recoverable as a result of the beneficial effects which may be derived from the future institution of some form of pressure maintenance or other enhanced recovery method, or as a result of a more favourable performance of the existing recovery mechanism than that which would be deemed proven at the present time, or those reserves which may reasonably be assumed to exist because of geophysical or geological indications and drilling done in regions which contain proven reserves.

Approximately 85% of the proven and probable gas reserves carried by the Company as at November 30, 1979 were dedicated to existing gas sales contracts. As at December 31, 1980, gas reserves dedicated to existing gas sales contracts represented at least 60% of Precambrian's proven and probable gas reserves. In fiscal 1981, Precambrian expects to make further significant additions to its reserves dedicated to gas purchase contracts. A full year's results from the Company's United States exploration program should contribute to a further increase in year end 1981 reserves.

Drilling Activity

During the 1980 fiscal year, Precambrian has continued the active exploration and development drilling program recorded in fiscal 1979.

	Years Ended November 30	
	1980	1979
Gas	25	28
Oil	3	—
Suspended	2	—
Dry & Abandoned	10	16
Total	40	44
Number of gas wells subject to gas sales contracts	24	26

All of the above wells were drilled in Canada, primarily in Alberta.

From November 30, 1980 to mid March, 1981, Precambrian participated in the drilling of a further 23 wells in Canada which resulted in 9 gas wells, 1 oil well, and 13 were dry and abandoned. Seven of the 9 gas wells completed had benefit of an existing gas sales contract.

In the United States, from November 30, 1980 to mid March, 1981, the Company has participated in the drilling of 4 wells of which 1 is a gas well, 1 well was dry and abandoned and 2 wells are currently drilling.

The tabulation for the 1980 fiscal year shown above does not include Precambrian's 10% net profits interest in the wells drilled by Union Gas Limited. In the fiscal year ended November

30, 1981, Precambrian will have a net profits exposure in the drilling of as many as 100 Union Gas Limited wells.

During the 1981 fiscal year, Precambrian expects to substantially increase its drilling activity (exclusive of the Union Gas Limited drilling program) and expects to participate in the drilling of at least 60 wells in Canada and 25 wells in the United States. Given reasonable levels of success, this should translate into a marked improvement in the Company's reserves position by November 30, 1981.

Real Estate

Bellanca Developments Ltd.

Precambrian holds a 21.6% interest in Bellanca Developments Ltd., a company specializing in the development of commercial real estate in the Canadian north.

In Yellowknife, capital city of the Northwest Territories, Bellanca owns and operates three commercial buildings including the "Precambrian

Building" — a combined 11 storey office tower and 700 seat twin-cinema complex.

Bellanca's earnings were negatively effected until mid 1980 by a high vacancy rate and financing which was tied to the prime interest rate. With the occupancy rate now at an acceptable level of 95% and permanent financing in place at an attractive rate, a steady cash flow is now being achieved.

Gross revenue figures for Bellanca are as follows:

1977	— \$1,310,505
1978	— \$2,010,534
1979	— \$2,550,000
1980	— \$3,043,000
1981	— \$3,650,000 *
	(estimated) *

The foregoing is indicative of the solid growth performance of this investment that will contribute positively to our net income in 1981.

Mining

Clan Lake, Northwest Territories

The Company has a 50% interest in this long held gold property known as the NOSE group which is located at Clan Lake some 35 miles north of the City of Yellowknife. Numac Oil & Gas Ltd. and associates share the remaining 50% interest.

A work program was conducted in the summer of 1980 including two drill holes put down to test an area east of and removed from the gold-bearing zones explored in prior years. No significant gold values were encountered in this drilling. This work neither helped nor hindered the status of the No. 1 Zone or other known gold bearing zones in the area to the west and southwest of the section tested by this drilling.

A variety of work programs have been conducted on the property from the time of its discovery in 1964 including trenching, diamond drilling and bulk sampling. An 1,141 ton bulk sample mined in 1967 produced 468 ounces of gold indicating an average grade of 0.423 ounces gold per ton. However, diamond drilling, while confirming the strength and continuity of the vein zones over good average widths with visible gold encountered in most holes, has not been successful in corroborating the grade obtained from the bulk sampling.

The Company's consultants are of the opinion that bulk sampling methods, as opposed to diamond drilling, are required to determine a satisfactory grade estimate. This would involve an underground test by the driving of a decline tunnel to a depth of at least 150 feet. This is a major undertaking both in terms of money and organization. Accordingly, discussions with major companies will be held with a view towards their participation in further development of the property.

Interest in the area has intensified in the past few months as evidenced by large scale staking activities by two major mining companies. The NOSE property is centrally located on the belt of favourable volcanic rocks which stretches some 50 miles north from Yellowknife. With the belt largely tied up by staking, it is apparent that considerable exploration activity is planned.

Cree Lake — Saskatchewan

For the past two years, Precambrian has maintained a 10% interest in a joint venture uranium project and has been exploring two large permits in the Athabasca sandstones in partnership with Esso Resources, Numac Oil & Gas Ltd. and the Saskatchewan Mining Development Corporation.

The work program conducted in 1980 did not provide sufficient encouragement to justify further exploration and the agreement was terminated.

Selwyn Project — Yukon Territory

Precambrian (25% participating interest) and its partners, Cyprus Anvil Mining Corporation and Numac Oil & Gas Ltd. continue to maintain their properties which adjoin the Placer Development Ltd. and Essex Minerals Co. lead-zinc deposits in the Howard's Pass area of the Yukon Territory. Further exploration is being deferred until more is known about the economics of the large tonnage deposits being developed by Placer-Essex over the past several years.

United States

The western states, particularly Nevada, are enjoying a major resurgence in gold mining activity. New and highly profitable deposits are coming on stream and there is ample evidence that this resurgence will continue if gold prices are maintained at or near current levels.

Precambrian has been examining various approaches to obtaining exploration exposure in these areas and a number of opportunities are currently being evaluated. The Company expects to participate in at least one gold venture in the current year. The "risk-reward" factor in precious metal exploration in the western United States is such that a high priority is being assigned to these efforts.

During fiscal 1980, Precambrian's total revenues increased by 163% to a total of \$1,159,000. Oil and gas revenue increased by \$308,000 or 230% to \$442,000. Net income before extraordinary items was \$220,000 compared to a loss of \$86,000 for the previous year. The extraordinary item during 1980 was a reduction in deferred income taxes arising from tax benefits not previously recorded. Net income after the extraordinary item was \$332,000 compared to the \$86,000 loss in 1979. Funds provided from operations totalled \$683,000, an increase of 169% over the \$254,000 generated during 1979.

Expenses during the period increased by 54% or \$271,000 to \$774,000. General and administrative expenses and interest on short-term debt accounted for the majority of the increase. Deferred mineral exploration costs written off during the period decreased substantially from the prior year.

Losses in our affiliated company, Bellanca Developments Ltd., decreased to \$13,000 from the \$35,000 recorded in fiscal 1979. During fiscal 1981, we expect a profit to be generated from this venture.

Capital expenditures during the year totalled \$5,150,000, an increase of \$1,649,000 or 47%. Oil and gas exploration and land acquisitions accounted for \$4,689,000, production equipment costs totalled \$320,000 and the remainder of \$141,000 was attributable to minerals exploration.

Capital funding for the 1980 fiscal year was through the sale of common shares and funds generated from operations. In January, 1980, a total of \$5,000,100 in gross proceeds was realized through the private placement sale of common shares of the Company. Precambrian acts as the investor's agent in spending the funds and the investor is entitled to the tax writeoffs which occur as a result of these expenditures while Precambrian retains title to the resource properties. The investor receives one common share of Precambrian for each \$4.20 so expended. At November 30, 1980, \$1,960,224 remained to be spent and 710,500 shares were allotted but unissued under the private placement agreement.

In September, 1980, an additional 250,000 common shares were issued through a private placement for gross consideration of \$1,500,000. Special income tax considerations do not accrue to the investor on this placement.

Subsequent to the fiscal year-end, the Company secured \$15,000,000 in long-term financing through the private placement of 9% Convertible Subordinated Debentures due January 22, 1991. The conversion price is \$8.50 per common share. Accompanying the debenture are warrants to purchase 1,585,000 common shares at a price of \$8.50 per share until January 22, 1983, and then increasing to a price of \$10 per share until January 23, 1985.

The working capital of the Company was \$2,186,000 compared to \$362,000 in 1979. Operations contributed \$683,000 to working capital and proceeds on sale of share capital amounted to \$6,291,000 while purchase of property, plant and equipment used funds totalling \$5,150,000. The net result was an increase of \$1,824,000. The subsequent \$15,000,000 debenture financing has all been added to the Company's working capital. At the end of February, 1981, the Company's working capital was \$14.2 million.

During 1981, gross revenues and net income should be significantly improved due to increased oil and gas revenues in both Canada and the United States, the increased interest income due to utilization of the proceeds of the convertible debenture at rates exceeding the debenture rate, and income generated from our affiliated company.

1980 Financial Statements

Precambrian Shield Resources Limited Consolidated Statements of Earnings

Years Ended November 30, 1980 and 1979

	1980	1979
Revenues		
Net oil and gas production	\$ 442,000	\$ 134,000
Management fees	297,000	6,000
Interest and other income	420,000	300,000
	<u>1,159,000</u>	<u>440,000</u>
Expenses		
Petroleum production	94,000	35,000
General administrative	272,000	81,000
Interest on short-term debt	151,000	18,000
Depletion	✓ 67,000	29,000
Depreciation	✓ 43,000	29,000
Deferred mineral exploration costs written off	✓ 147,000	238,000
Other	—	73,000
	<u>774,000</u>	<u>503,000</u>
	<u>385,000</u>	<u>(63,000)</u>
Income Taxes		
Current	(41,000)	(12,000)
Deferred	193,000	—
	<u>152,000</u>	<u>(12,000)</u>
Earnings (loss) before the following	233,000	(51,000)
Equity in loss of affiliated company	(13,000)	(35,000)
Earnings (loss) before extraordinary item	220,000	(86,000)
Extraordinary Item		
Adjustment to deferred income taxes arising from tax benefits not previously recorded	✓ 112,000	—
Net Earnings (loss)	\$ 332,000	\$ (86,000)
Basic earnings per share		
Before extraordinary item	\$.02	\$ (.01)
After extraordinary item	\$.04	\$ (.01)

Consolidated Statements of Retained Earnings

Years Ended November 30, 1980 and 1979

	1980	1979
Retained earnings (deficit) at beginning of period	\$ (18,000)	\$ 68,000
Net earnings (loss) for the year	332,000	(86,000)
Retained earnings (deficit) at end of period	<u>\$ 314,000</u>	<u>\$ (18,000)</u>

See notes to consolidated financial statements

Precambrian Shield Resources Limited
Consolidated Balance Sheets

November 30, 1980 and 1979

	<u>1980</u>	<u>1979</u>
ASSETS		
Current Assets		
Cash and term deposits	\$ 2,855,000	\$1,185,000
Accounts receivable	1,517,000	310,000
Note receivable from affiliated company	54,000	54,000
Land held for resale and development at cost	81,000	80,000
	<u>4,507,000</u>	<u>1,629,000</u>
Property, Plant and Equipment		
Net of Depreciation and Depletion (Note 2)	<u>11,173,000</u>	<u>6,280,000</u>
Other Assets		
Investments and advances to affiliated company	189,000	202,000
	<u>\$15,869,000</u>	<u>\$8,111,000</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Bank loan (Note 4)	\$ 358,000	\$ 300,000
Accounts payable and accrued liabilities	1,213,000	967,000
Joint venture advances (Note 5)	750,000	—
	<u>2,321,000</u>	<u>1,267,000</u>
Deferred Revenue	<u>23,000</u>	<u>23,000</u>
Deferred Income Taxes	<u>81,000</u>	<u>—</u>
Shareholders' Equity		
Share capital (Note 3)		
Authorized		
Common — no par value — 10,000,000		
Issued and Outstanding		
Common shares issued, 1980 — 8,753,921 (1979 — 7,413,921)	10,271,000	5,146,000
Common shares subscribed and allotted to be issued on completion of exploration obligations, 1980 — 710,500 (1979 — 610,000)	2,859,000	1,693,000
Retained Earnings (Deficit)	314,000	(18,000)
	<u>13,444,000</u>	<u>6,821,000</u>
	<u>\$15,869,000</u>	<u>\$8,111,000</u>

Approved by the Board:

Director



Director



See notes to consolidated financial statements

Precambrian Shield Resources Limited
Consolidated Statements of Changes in Financial Position

Years Ended November 30, 1980 and 1979

	<u>1980</u>	<u>1979</u>
Sources of Funds		
Earnings (loss) before extraordinary item	\$ 220,000	\$ (86,000)
Charges to earnings not involving funds:		
Depreciation and depletion	110,000	58,000
Deferred mineral exploration costs written off	147,000	238,000
Deferred income taxes	193,000	—
Other	13,000	44,000
Funds generated from operations	683,000	254,000
Issuance and allotment of share capital	6,291,000	2,359,000
Advances of deferred revenue	—	23,000
Proceeds from sale of joint venture	—	75,000
	<u>6,974,000</u>	<u>2,711,000</u>
Use of Funds		
Expenditures for property, plant and equipment	5,150,000	3,501,000
Increase (decrease) in Working Capital	<u>\$1,824,000</u>	<u>\$ (790,000)</u>
Working Capital Changes		
Increase (decrease) in current assets		
Cash and term deposits	\$1,670,000	\$ 96,000
Accounts receivable	1,207,000	349,000
Land held for resale and development	1,000	(63,000)
	<u>2,878,000</u>	<u>382,000</u>
Increase (decrease) in current liabilities		
Bank loan	58,000	300,000
Accounts payable and accrued liabilities	246,000	872,000
Joint venture advances	750,000	—
	<u>1,054,000</u>	<u>1,172,000</u>
Increase (decrease) in Working Capital	<u>\$1,824,000</u>	<u>\$ (790,000)</u>

See notes to consolidated financial statements

Precambrian Shield Resources Limited
Notes to Consolidated Financial Statements

NOTE 1 — Summary of Accounting Policies

(a) Principles of Consolidation

The consolidated financial statements include the accounts of Precambrian Shield Resources Limited and its subsidiaries, all of which are wholly-owned.

The majority of the Company's exploration and production activities are conducted jointly with others and accordingly the accounts reflect only the Company's proportionate interest in such activities.

(b) Foreign Currency Translation

Accounts of foreign operations are stated in Canadian dollars. Current assets and liabilities are translated at year end rates of exchange. Income accounts and non-current assets and liabilities are generally translated at rates in effect when acquired or incurred. Gains or losses on translation of foreign currencies, though not material, are included in net earnings.

(c) Oil and Gas Interests

The Company follows the full cost method of accounting for its oil and gas interests.

Under this concept, all costs of exploring for and developing petroleum and natural gas reserves are capitalized. Costs include land acquisition, geological and geophysical expenditures, rentals on developed properties and the portion of administrative expenses directly related to the exploration for and development of oil and gas reserves. Proceeds on disposition of properties are normally deducted from costs without recognition of gain or loss. The Company presently operates in Canada and the United States, which has been combined into one cost centre. Costs are depleted by the unit of production method based on estimated proven petroleum and natural gas reserves.

(d) Other Interests

In respect to the mining operations of the Company, all expenditures on mineral claims and the related exploration and development costs are deferred. These costs are written off when a project is determined to have no economic viability or on the basis of economic units of recoverable reserves if economic viability exists.

(e) Plant and Equipment

Production and other equipment are stated at cost and depreciation is provided on the straight line basis at rates varying from seven to fifteen per cent.

(f) Investment in Affiliated Company

The Company follows the equity method of accounting for its investment in Bellanca Developments Ltd. Under this method, the Company's investment is carried on the balance sheet at cost and is adjusted for the undistributed share in earnings or losses.

	<u>1980</u>	<u>1979</u>
Shares Representing 21.6% interest		
Cost and Equity in accumulated earnings	\$ 59,000	\$ 72,000
Debentures	<u>130,000</u>	<u>130,000</u>
	<u>\$189,000</u>	<u>\$202,000</u>

(g) Deferred Revenue

Payments received for undelivered gas under take or pay provisions of gas sales contracts are deferred and are recognized as revenue when deliveries are made or on expiry of period allowed for such deliveries.

NOTE 2 — Property, Plant and Equipment

	1980			1979		
	Cost	Accumulation Depreciation and Depletion	Net	Cost	Accumulation Depreciation and Depletion	Net
Petroleum and Natural Gas Properties	\$10,289,000	125,000	\$10,164,000	\$5,600,000	58,000	\$5,542,000
Deferred Mineral Exploration Costs	398,000	—	398,000	404,000	—	404,000
Production and Other Equipment	705,000	94,000	611,000	385,000	51,000	334,000
	<u>\$11,392,000</u>	<u>219,000</u>	<u>\$11,173,000</u>	<u>\$6,389,000</u>	<u>109,000</u>	<u>\$6,280,000</u>

NOTE 3 — Share Capital

(a) Common Shares

	1980		1979	
	Number of Shares	Consideration	Number of Shares	Consideration
Balance November 30, 1979	8,023,921	\$ 6,839,000	7,173,921	\$4,480,000
Shares issued or allotted during fiscal year — net of issuance costs \$209,000 (1979 — \$63,000)	<u>1,440,500</u>	<u>6,291,000</u>	<u>850,000</u>	<u>2,359,000</u>
Balance November 30, 1980	<u>9,464,421</u>	<u>\$13,130,000</u>	<u>8,023,921</u>	<u>\$6,839,000</u>

During the year ended November 30, 1980, a group of investors entered into an exploration agreement with the Company under which the investors agreed to invest \$5,000,100 (1979 — \$2,422,500) on exploration and development of the Company's resource interests. As consideration, the investors will be issued 1,190,500 (1979 — 850,000) fully paid shares of the Company and the income tax deductions related to the expenditures will be for the benefit of the investors. Under the terms of the agreement, the investors' funds are not refundable. As at November 30, 1980, funds remaining to be spent under the agreement amounted to \$1,960,024 (1979 — \$1,198,289) and there were 710,500 (1979 — 610,000) allotted but unissued shares subject to the agreement.

An additional 250,000 (1979 — nil) shares were issued through a private placement for a total consideration of \$1,500,000. Special tax considerations do not accrue to the investor on this placement.

(b) Key Employee Stock Option Plan

The Company has reserved 460,700 shares for issue under the terms of a Stock Option Plan enabling certain officers and employees, as designated from time to time by the directors, to purchase shares of the Company at the market price less the discount allowed by The Toronto Stock Exchange at the date the option is granted. The Plan provides for exercise of one-fifth of the option per year cumulatively over a five year period. At November 30, 1980, outstanding options totalled 430,000 common shares (1979 — 225,000) at prices ranging from \$2.85 to \$6.19 per share.

NOTE 4 — Bank Loan

The bank loan is secured by the shares of Bellanca Developments Ltd. and Howard Resources Ltd.

NOTE 5 — Joint Venture Advances

Advances from joint venture partners are included in the cash and term deposits of the Company and interest earned thereon is for the account of the joint venture partners.

NOTE 6 — Remuneration

Remuneration of directors and officers of the Company amounted to \$241,000 (1979 — \$112,000).

NOTE 7 — Comparative Figures

The comparative figures for the previous year have been reclassified where necessary to conform with the current year's presentation.

NOTE 8 — Subsequent Events**Debenture Issue**

On January 23, 1981, the Company secured \$15,000,000 of long-term financing through the private placement of 9% Convertible Subordinated Debentures due January 22, 1991. The Debentures are convertible at any time prior to expiry by the holder, at a conversion price of \$8.50 per common share. The Company may not redeem the Debentures prior to January 23, 1984, and are only redeemable between January 23, 1984 and January 22, 1986, if the shares have traded at 125% of the conversion price for thirty consecutive days. After January 22, 1986, the Company may redeem the Debentures at its option. Commencing January 23, 1984, the Company must offer to purchase from the Debenture holders for cancellation, a minimum principal amount of \$900,000 annually. Accompanying the Debenture, are Warrants to purchase 1,585,000 shares. Each Warrant entitles the holder to purchase a common share of the Company for \$8.50 between January 23, 1981 and January 22, 1983 or \$10.00 between January 23, 1983 and January 22, 1985. The Warrants expire January 23, 1985.

Share Capital

On December 23, 1980, the authorized capital of the Company was increased to 25,000,000 shares divided into 20,000,000 common shares with no par value and 5,000,000 preferred shares with a par value of \$10.00 each.

Auditors' Report

To the Shareholders
Precambrian Shield Resources Limited

We have examined the consolidated balance sheets of Precambrian Shield Resources Limited as at November 30, 1980 and November 30, 1979 and the consolidated statements of earnings, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Company as at November 30, 1980 and November 30, 1979 and the results of its operations and the changes in its financial position for the years then ended in accordance with generally accepted accounting principles applied on a consistent basis.

Ernst & Whinney

Chartered Accountants

Calgary, Alberta
February 26, 1981

Precambrian Shield Resources Limited

Incorporated under the laws of the Province of British Columbia

Corporate Information

Officers

Earl E. Curry
Chairman of the Board

Theodore H. Renner
President

George R. D. Goulet
Secretary

Lynn W. Lebbert
Vice-President, Land and
Assistant Secretary

Wayne E. Moore
Vice-President, Exploration

Paul H. King
Vice-President, Finance

Gordon R. Travis
Controller

Senior Personnel

Peter B. Boulanger
Manager, Engineering and
Operations

Auditors

Ernst and Whinney

Registrar and Transfer Agent

Guaranty Trust Company
of Canada
Vancouver — Toronto — Calgary

Bankers

Bank of Nova Scotia

Legal Counsel

McLaws & Company

Listing

Toronto Stock Exchange

Corporate Office

12th Floor - The Bradie Building
630 - 6th Avenue S.W.
Calgary, Alberta, T2P 0S8
(403) 237-7363

Wholly-Owned Subsidiary

Shield Resources Inc.

U.S. Office

Suite 400
3050 South Post Oak Road
Houston, Texas 77056
(713) 622-0952

Daniel M. Chiang
Vice President

William E. Kearney
Manager, Exploration

Alton D. Holmes
Land Manager

Bankers

First City National Bank
of Houston

Annual Meeting

The Annual Meeting of the
Shareholders of Precambrian
Shield Resources Limited will be
held at 11:00 a.m., Friday May
22, 1981 in the Waterton Suite
Calgary Inn, 320 - 4th Avenue, S.W.
Calgary, Alberta

Share Trading Record

The Toronto Stock Exchange

Year	High	Low	Close	Share Volume	Value
1976	\$.82	\$.32	\$.45	468,000	\$ 253,000
1977	3.35	.45	3.10	1,839,000	3,470,000
1978	3.30	1.60	2.80	4,736,000	12,234,000
1979	4.90	2.55	4.65	4,671,000	18,362,000
1980	\$8.875	\$4.10	\$8.00	4,657,000	\$29,361,000

